

The following described lands will be offered for oil and gas leasing through oral competitive bidding in the Department of Transportation auditorium, 2701 Prospect Ave., Helena, Montana, beginning at 9:00 am, June 10, 2008

Tract	Stip	Twp	Rge	Sec	Description	Acres	Bidder	Bid \$/Acr
Chouteau								
1	1, 2, 3, 4, 5, 6, 7, 8, 10, 11	24.N	8.E	10	NE4SW4, NW4SE4, S2S2, Teton Riverbed and related acreage	248.00	_____	_____
2	1, 2, 3, 4, 5, 6, 8	24.N	8.E	11	SW4	160.00	_____	_____
3	1, 2, 3, 4, 5, 6, 8	24.N	8.E	15	NW4, N2NE4, SW4NE4	280.00	_____	_____
Dawson								
4	1, 2, 3, 4, 5, 6	21.N	55.E	16	All	*	640.00	_____
5	1, 2, 3, 4, 5, 6, 10	21.N	55.E	25	W2, W2NE4, SE4NE4, SE4	600.00	_____	_____
6	1, 2, 3, 4, 5, 6, 8	21.N	55.E	34	SE4NW4, SW4NE4, E2NE4, S2	480.00	_____	_____
7	1, 2, 3, 4, 5, 6	21.N	55.E	36	All	640.00	_____	_____
Pondera								
8	1, 2, 3, 4, 5, 6, 13	28.N	6.W	36	All	640.00	_____	_____
Richland								
9	1, 2, 3, 4, 5, 6	21.N	56.E	16	All	640.00	_____	_____
10	1, 2, 3, 4, 5, 6, 7	21.N	56.E	29	All	640.00	_____	_____
11	1, 2, 3, 4, 5, 6, 10	21.N	56.E	31	All	640.00	_____	_____
12	1, 2, 3, 4, 5, 6	21.N	57.E	7	Lots 1, 2, 3, 4, E2W2, E2	635.80	_____	_____
13	1, 2, 3, 4, 5, 6	21.N	57.E	16	All	640.00	_____	_____
14	1, 2, 3, 4, 5, 6, 7, 10	21.N	57.E	25	All	640.00	_____	_____
15	1, 2, 3, 4, 5, 6	21.N	57.E	28	NE4	160.00	_____	_____
16	1, 2, 3, 4, 5, 6	21.N	57.E	30	Lots 1, 2, 3, 4, E2W2, SE4	476.80	_____	_____
17	1, 2, 3, 4, 5, 6	21.N	57.E	36	All	640.00	_____	_____
18	1, 2, 3, 4, 5, 6, 8	22.N	55.E	16	All	640.00	_____	_____
19	1, 2, 3, 4, 5, 6	22.N	55.E	26	W2	320.00	_____	_____
20	1, 2, 3, 4, 5, 6	22.N	55.E	36	All	640.00	_____	_____
21	1, 2, 3, 4, 5, 6	22.N	57.E	16	All	640.00	_____	_____

Tract	Stip	Twp	Rge	Sec	Description	Acres	Bidder	Bid \$/Acr
Roosevelt								
22	1, 2, 3, 4, 5, 6, 11	26.N	58.E	2	Missouri Riverbed and related acreage	68.00	_____	_____
23	1, 2, 3, 4, 5, 6	27.N	57.E	4	All	* 640.00	_____	_____
24	1, 2, 3, 4, 5, 6, 7	27.N	57.E	7	SW4NE4, W2SE4, NE4SW4	160.00	_____	_____
25	1, 2, 3, 4, 5, 6	27.N	57.E	17	N2NW4, NW4NE4	120.00	_____	_____
26	1, 2, 3, 4, 5, 6, 11	27.N	58.E	26	Missouri Riverbed and related acreage	224.00	_____	_____
27	1, 2, 3, 4, 5, 6, 11	27.N	58.E	35	Missouri Riverbed and related acreage	332.00	_____	_____
28	1, 2, 3, 4, 5, 6, 10, 11	27.N	58.E	36	Lots 1, 2, 3, 4, N2NW4, SE4NW4, NE4, N2SE4, SW4SE4, Missouri Riverbed and related acreage	640.00	_____	_____
Rosebud								
29	1, 2, 3, 4, 5, 6	11.N	33.E	5	Lots 1, 2, 3, 4, S2N2, S2	640.40	_____	_____
30	1, 2, 3, 4, 5, 6, 7	11.N	33.E	9	All	640.00	_____	_____
Sheridan								
31	1, 2, 3, 4, 5, 6	32.N	59.E	16	Lots 1, 2, 3, 4, W2, from the surface to the base of the Charles formation	485.88	_____	_____
32	1, 2, 3, 4, 5, 6	34.N	58.E	16	NW4, NW4NE4, S2NE4, S2	* 600.00	_____	_____
33	1, 2, 3, 4, 5, 6	35.N	58.E	21	SE4	160.00	_____	_____
34	1, 2, 3, 4, 5, 6	35.N	58.E	28	NE4	160.00	_____	_____
35	1, 2, 3, 4, 5, 6	36.N	53.E	16	All, limited to the Bakken formation	* 640.00	_____	_____
36	1, 2, 3, 4, 5, 6	36.N	54.E	8	NE4	* 160.00	_____	_____
37	1, 2, 3, 4, 5, 6	36.N	54.E	9	NW4	* 160.00	_____	_____
38	1, 2, 3, 4, 5, 6	36.N	57.E	16	All	640.00	_____	_____
39	1, 2, 3, 4, 5, 6	36.N	57.E	36	All	640.00	_____	_____
40	1, 2, 3, 4, 5, 6, 8, 9	36.N	58.E	36	Lots 1 thru 12, NE4NW4, W2W2, and lakebeds within section	* 843.00	_____	_____
41	1, 2, 3, 4, 5, 6	37.N	52.E	36	All	* 640.00	_____	_____
Sweet Grass								
42	1, 2, 3, 4, 5, 6, 7, 10, 12	1.S	15.E	16	All	640.00	_____	_____
Teton								
43	2, 3, 4, 5, 6, 15	26.N	8.W	4	Lots 1, 2, SE4NW4	136.15	_____	_____

Tract	Stip	Twp	Rge	Sec	Description	Acres	Bidder	Bid \$/Acr
44	2, 3, 4, 5, 6, 15	26.N	8.W	5	Lot 2, S2NW4, SW4NE4	168.22	_____	_____
45	1, 2, 3, 4, 5, 6, 14	26.N	8.W	16	Lots 1, 2, 4, 5, NW4, W2NE4, NW4SE4, N2SW4	519.48	_____	_____
46	2, 3, 4, 5, 6, 15	27.N	8.W	33	SW4SE4	40.00	_____	_____
Toole								
47	1, 2, 3, 4, 5, 6	35.N	1.E	35	W2E2, E2NW4, SE4SE4, NE4SW4	320.00	_____	_____
48	1, 2, 3, 4, 5, 6	33.N	2.W	36	All, below the base of the Kootenai formation	640.00	_____	_____
Yellowstone								
49	1, 2, 3, 4, 5, 6	4.N	26.E	26	E2W2	160.00	_____	_____

Summary by Lessor

Dept of Natural Resources & Conservation

22257.73

49

Total Acres for Lease Sale 22257.73

Total Tracts for Lease Sale 49

* Part or all of tract is not state-owned surface

Additional lease stipulations are listed on the following pages. The STIP Column on the lease sale list identifies which stipulations will be attached to each tract.

Sight drafts will not be accepted. The State Board of Land Commissioners reserves the right to reject any and all bids. All payments are due within ten days after the date of sale.

Individuals with disabilities needing assistance or special services, please call Julie David at (406)444-4576 at least 1 week prior to the sale.

STATE BOARD OF LAND COMMISSIONERS

Stipulations

- 1 Lessee shall notify and obtain approval from the Department's Trust Land Management Division (TLMD) prior to constructing well pads, roads, power lines, and related facilities that may require surface disturbance on the tract. Lessee shall comply with any mitigation measures stipulated in TLMD's approval.
- 2 Prior to the drilling of any well, lessee shall send one copy of the well prognosis, including Form 22 "Application for Permit" to the Department's Trust Land Management Division (TLMD). After a well is drilled and completed, lessee shall send one copy of all logs run, Form 4A "Completion Report", and geologic report to TLMD. A copy of Form 2 "Sundry Notice and Report of Wells" or other appropriate Board of Oil and Gas Conservation form shall be sent to TLMD whenever any subsequent change in well status or operator is intended or has occurred. Lessee shall also notify and obtain approval from the TLMD prior to plugging a well on the lease premises.

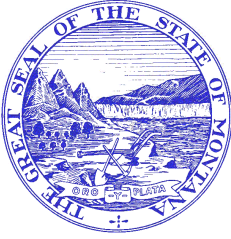
Issuance of this lease in no way commits the Land Board to approval of coal bed methane production on this lease. Any coal bed methane extraction wells would require subsequent review and approval by the board.
- 3 The TLMD will complete an initial review for cultural resources and, where applicable, paleontological resources of the area intended for disturbance and may require a resources inventory. Based on the results of the inventory, the TLMD may restrict surface activity for the purpose of protecting significant resources located on the lease premises.
- 4 The lessee shall be responsible for controlling any noxious weeds introduced by lessee's activity on State-owned land and shall prevent or eradicate the spread of those noxious weeds onto land adjoining the lease premises.
- 5 The definitions of "oil" and "gas" provided in 82-1-111, MCA, do not apply to this lease for royalty calculation purposes.
- 6 If the State does not own the surface, the lessee must contact the owner of the surface in writing at least 30 days prior to any surface activity. A copy of the correspondence shall be sent to TLMD.
- 7 Due to unstable soil conditions on this tract and/or topography that is rough and/or steep, surface use may be restricted or denied. Seismic activity may be restricted to poltershots.
- 8 The lessee is responsible to pay for all damages, including penalties and charges assessed by the USDA-CFSA on CRP lands, as a result of drilling and production on the tract.
- 9 Any activity within 1/8 mile of the river, flood plain, or lake/reservoir on or adjacent to this tract must be approved in writing by the TLMD prior to commencement. No surface occupancy is allowed within the bed of the river, abandoned channels, the bed of the lake/reservoir, or on islands and accretions associated with the river or lake/reservoir.
- 10 Due to the floodplain/wetlands area(s), surface use may be restricted or denied.
- 11 This tract contains navigable riverbeds. No surface occupancy is allowed within the bed of the navigable river, abandoned channels, or on islands and accretions. In addition, upon completion of a successful well, where river title is disputed, the lessee will file an interpleader action under Rule 22, M.R.Civ.P. in the Montana District Court, or other court having jurisdiction, in which the leased lands are located for all acreage within the lease in which the title is disputed. The lessee shall name all potential royalty claimants as defendants.
- 12 A critical weed problem exists on this tract. Additional mitigation measures will be required to prevent further spread of noxious weeds. The Department may require such measures as power washing of vehicles, car pooling, timing restrictions for seismic, etc. to facilitate this prevention.

Stipulations

- 13 This tract has (an) existing well(s) and related facilities. The lessee has 45 days from the effective date of this lease to determine whether or not to assume responsibility from the former lessee for the well and any existing facilities. The lessee may not enter the well until a change of operator has been filed with, and approved by, the Board of Oil and Gas Conservation.
 - 14 No surface occupancy shall be allowed on this tract unless otherwise approved in writing by the Director of DNRC.
 - 15 This lease is located near the Rocky Mountain Front and includes areas that are environmentally sensitive. Therefore, except as otherwise provided below, the lessee shall not conduct any surface operations on the lease premises. If the lessee determines that surface operation on the lease premises may be required, the lessee shall submit a proposed Operating Plan or Amendment to an existing Operating Plan to the State Board of Land Commissioners describing in detail the proposed operations. No surface activities shall occur on the lease premises unless and until the Operating Plan or Amendment is approved by the Board. In determining whether to approve the proposed Operating Plan or Amendment, the following provisions shall apply:
 - 1) If the lessee proposes an activity that does not entail any significant surface disturbance, the Board may approve the same after completion of the appropriate environmental review in accordance with the Montana Environmental Policy Act (MEPA) and an opportunity for public comment on the proposed activity has been provided.
 - 2) Before the Board approves any proposed activity on the lease premises that entails a significant surface disturbance, an environmental impact statement (EIS) shall be completed in accordance with MEPA. The EIS shall analyze the potential impacts of alternative and future potential levels of oil and gas development and extraction on an ecosystem scale as the ecosystem is defined by the "Limits of Acceptable Change - Bob Marshall Wilderness Complex" adopted by the Montana Department of Fish, Wildlife and Parks in December 1991. The analysis shall consider all relevant information, which may include, but is not limited to, existing environmental reviews and management plans. Public involvement in the environmental review process shall be actively solicited by the preparer of the environmental review document and shall include, at minimum, adequately noticed public meetings in at least three communities including Great Falls and Helena.
 - 3) The proposed surface activity shall adhere to the "Interagency Rocky Mountain Front, Wildlife Monitoring/Evaluation Program, Management Guidelines for Selected Species" adopted by the Montana Department of Fish, Wildlife and Parks in September 1987, or any successor guidelines thereto.
 - 4) The Board may refuse to approve any proposed surface operations if it determines that they do not constitute the best use of trust resources or are not in the best interest of the State of Montana.
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DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

Trust Land Management Division



BRIAN SCHWEITZER, GOVERNOR

1625 ELEVENTH AVENUE

DIRECTOR'S OFFICE (406) 444-2074
TELEFAX NUMBER (406) 444-2684

PO BOX 201601
HELENA, MONTANA 59620-1601

TO ALL INTERESTED PARTIES:

RE: September 9, 2008 Oil and Gas Lease Sale

In order to give as much advance notice as possible, this notice is to advise that the date of the September 2008 Oil and Gas Lease Sale has been set for **TUESDAY, SEPTEMBER 9, 2008**, at 9:00 A.M. in the auditorium of the Department of Transportation building at 2701 Prospect Avenue, Helena, Montana, east of the interstate highway. Please call the Department of Natural Resources and Conservation for detailed directions, if necessary.

The deadline filing date for submitting applications on tracts to be nominated for the sale in September is 5:00pm on July 1, 2008. Applications must be received in this office by that date. If you have any questions, please contact me at jdavid@mt.gov or (406) 444-4576.

Julie David, Supervisor
Mineral Leasing Section
Minerals Management Bureau

DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION

P.O. Box 201601
Helena, Montana 59620-1601

The following is a list of oil and gas leases which terminated or expired in March 2008.

COUNTY	TWP	RNG	SEC	DESCRIPTION	ACRES
BIG HORN	9S	40E	14	Part NE $\frac{1}{4}$, part NE $\frac{1}{4}$ SW $\frac{1}{4}$, part N $\frac{1}{2}$ SE $\frac{1}{4}$	228.13
BLAINE	26N	18E	16	All	640.00
	26N	18E	36	All	640.00
	34N	19E	16	All	640.00
	34N	20E	16	All	640.00
CARBON	5S	19E	36	W $\frac{1}{2}$, S $\frac{1}{2}$ NE $\frac{1}{4}$, N $\frac{1}{2}$ SE $\frac{1}{4}$, SW $\frac{1}{4}$ SE $\frac{1}{4}$	520.00
CHOUTEAU	26N	16E	25	All	640.00
DAWSON	15N	54E	36	All, below the base of the Red River formation	640.00
HILL	34N	8E	19	NE $\frac{1}{4}$ SW $\frac{1}{4}$	40.00
	34N	15E	6	Lots 3, 4, SW $\frac{1}{4}$ NE $\frac{1}{4}$, N $\frac{1}{2}$ SE $\frac{1}{4}$	196.57
	34N	15E	7	Lots 1, 2, 3, 4, E $\frac{1}{2}$ W $\frac{1}{2}$	305.64
	34N	15E	18	Lot 1, NE $\frac{1}{4}$ NW $\frac{1}{4}$	76.42
	34N	17E	20	N $\frac{1}{2}$	320.00
	35N	8E	16	All	640.00
	35N	8E	17	N $\frac{1}{2}$, N $\frac{1}{2}$ S $\frac{1}{2}$	480.00
	35N	9E	2	S $\frac{1}{2}$ SW $\frac{1}{4}$	80.00
	35N	9E	3	NW $\frac{1}{4}$ SE $\frac{1}{4}$, S $\frac{1}{2}$ SE $\frac{1}{4}$, N $\frac{1}{2}$ SW $\frac{1}{4}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$	240.00
	35N	9E	16	All	640.00
	35N	10E	19	Lots 2, 3, SW $\frac{1}{4}$ SE $\frac{1}{4}$, E $\frac{1}{2}$ SW $\frac{1}{4}$	191.64
	35N	10E	20	NE $\frac{1}{4}$, E $\frac{1}{2}$ SE $\frac{1}{4}$	240.00
	35N	10E	29	NW $\frac{1}{4}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$ NE $\frac{1}{4}$, S $\frac{1}{2}$ N $\frac{1}{2}$, N $\frac{1}{2}$ SE $\frac{1}{4}$, SW $\frac{1}{4}$	480.00
	35N	10E	30	SE $\frac{1}{4}$ NW $\frac{1}{4}$, E $\frac{1}{2}$, E $\frac{1}{2}$ SW $\frac{1}{4}$	440.00
	35N	10E	32	NW $\frac{1}{4}$, W $\frac{1}{2}$ NE $\frac{1}{4}$, NW $\frac{1}{4}$ SE $\frac{1}{4}$	280.00
	36N	9E	30	E $\frac{1}{2}$	320.00
MUSSELSHELL	10N	31E	16	All	640.00
PHILLIPS	34N	33E	16	All	640.00
	34N	33E	17	SE $\frac{1}{4}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$, SE $\frac{1}{4}$ SW $\frac{1}{4}$	240.00
	34N	33E	20	NE $\frac{1}{4}$ NE $\frac{1}{4}$	40.00
	34N	33E	21	NW $\frac{1}{4}$ NW $\frac{1}{4}$	40.00
	34N	33E	36	All	640.00
	34N	34E	16	All	640.00
	34N	34E	24	W $\frac{1}{2}$, NW $\frac{1}{4}$ NE $\frac{1}{4}$, SW $\frac{1}{4}$ SE $\frac{1}{4}$	400.00
	34N	34E	36	All	640.00

COUNTY	TWP	RNG	SEC	DESCRIPTION	ACRES
PHILLIPS					
	35N	32E	23	W $\frac{1}{2}$	320.00
	35N	32E	24	W $\frac{1}{2}$	320.00
	35N	32E	26	N $\frac{1}{2}$	320.00
	35N	32E	36	All	640.00
	35N	33E	16	All	640.00
	35N	33E	36	All	640.00
	36N	32E	36	All	640.00
	36N	33E	3	S $\frac{1}{2}$ SW $\frac{1}{4}$	80.00
	36N	33E	9	E $\frac{1}{2}$ E $\frac{1}{2}$	160.00
	36N	33E	10	W $\frac{1}{2}$ W $\frac{1}{2}$	160.00
	36N	33E	16	All	640.00
	36N	33E	21	NE $\frac{1}{4}$ NW $\frac{1}{4}$, N $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$ NE $\frac{1}{4}$	160.00
	36N	33E	22	E $\frac{1}{2}$ E $\frac{1}{2}$	160.00
	36N	33E	23	NW $\frac{1}{4}$, S $\frac{1}{2}$	480.00
	36N	33E	25	S $\frac{1}{2}$	320.00
	36N	33E	26	N $\frac{1}{2}$	320.00
	36N	33E	27	E $\frac{1}{2}$ NE $\frac{1}{4}$	80.00
	36N	33E	36	All	640.00
	37N	32E	3	Lot 4, SW $\frac{1}{4}$ NW $\frac{1}{4}$, W $\frac{1}{2}$ SW $\frac{1}{4}$	154.50
	37N	32E	4	Lots 1, 2, 3, 4, S $\frac{1}{2}$ N $\frac{1}{2}$, S $\frac{1}{2}$	618.12
	37N	32E	6	Lots 1, 2, S $\frac{1}{2}$ NE $\frac{1}{4}$, SE $\frac{1}{4}$	309.31
	37N	32E	8	All	640.00
	37N	32E	9	All	640.00
	37N	32E	15	All, less 1 acre in SW $\frac{1}{4}$ SW $\frac{1}{4}$	639.00
	37N	32E	21	N $\frac{1}{2}$	320.00
	37N	32E	36	All	640.00
RICHLAND					
	27N	54E	36	All	640.00
ROOSEVELT					
	30N	56E	16	N $\frac{1}{2}$, SE $\frac{1}{4}$	480.00
ROSEBUD					
	10N	31E	15	Highway tract east of Musselshell River in NW $\frac{1}{4}$ NE $\frac{1}{4}$ SW $\frac{1}{4}$, SW $\frac{1}{4}$ NW $\frac{1}{4}$, W $\frac{1}{2}$ SE $\frac{1}{4}$ NW $\frac{1}{4}$, W $\frac{1}{2}$ SW $\frac{1}{4}$	139.00
TOOLE					
	35N	2E	35	SW $\frac{1}{4}$	160.00
	32N	3W	36	All	640.00
	35N	4W	16	All	640.00
	35N	4W	21	NW $\frac{1}{4}$ NW $\frac{1}{4}$, S $\frac{1}{2}$ NW $\frac{1}{4}$, SE $\frac{1}{4}$,	280.00
	35N	4W	27	N $\frac{1}{2}$ NW $\frac{1}{4}$, SE $\frac{1}{4}$ NW $\frac{1}{4}$, NE $\frac{1}{4}$ SW $\frac{1}{4}$	160.00
WIBAUX					
	11N	58E	16	All	640.00